

TARIFF ACTION MEMO

Date: June 16, 2022
Date Filed: May 12, 2022
Statutory End Date: June 27, 2022

File No.: TA48-733

Name of Utility: Cook Inlet Natural Gas Storage Alaska, LLC

Subject: Annual Fuel Use Report

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 77, filed on May 12, 2022, with an effective date of July 1, 2022. A side-by-side of the Tariff Sheet is attached as Schedule BKC-1.

Signed: Brenda Cox Title: Utility Financial Analyst
Brenda Cox

Commission decision regarding this recommendation:

	Date (if different from 6/16/22)	I Concur	I Do Not Concur	I Will Write A Dissenting Statement *
Pickett	_____	<u>RMP</u>	_____	_____
Doyle	_____	<u>KIT</u> for RAD	_____	_____
Kurber	_____	<u>KIT</u>	_____	_____
Sullivan	_____	<u>DS</u>	_____	_____
Wilson	_____	<u>JWW</u> JWW	_____	_____

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction Letter Order

MEMORANDUM

To Commissioners:
Robert M. Pickett, Chairman
Robert A. Doyle
Keith Kurber II
Daniel A. Sullivan
Janis W. Wilson

Date: June 16, 2022

From: Brenda Cox, Utility Financial Analyst

Subject: Annual Fuel Use Report

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 77, filed on May 12, 2022, with an effective date of July 1, 2022. A side-by-side of the Tariff Sheet is attached as Schedule BKC-1.

Filing

On May 12, 2022, Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA) filed TA48-733, which contained CINGSA's updated annual Injection/Withdrawal Fuel Use Percentage (IWFUP) for the period of July 1, 2022 through June 30, 2023. In TA48-733 CINGSA proposes to keep its IWFUP at 1.3%.¹ Included with TA48-733 was CINGSA's Fuel Use Annual Report, attached as Attachment A,² which shows the calculation of the proposed IWFUP and Tariff Sheet No.77. In response to Staff's request, CINGSA

¹ TA Letter, page 1.

² The TA Letter refers to the Fuel Use Annual Report as Attachment A however, the document itself is not labeled as Attachment A. In this Memo Staff will be referring to the document as Attachment A.

provided the Excel model of the Fuel Use Annual Report.³ CINGSA requested an effective date of July 1, 2022.⁴

Notice

In the tariff advice letter for TA48-733, CINGSA requested that the Commission not require newspaper publication of the public notice. CINGSA stated that it electronically served a copy of TA48-733 to all its customers with effective firm storage service (FSS) or interruptible storage service (ISS) agreements. CINGSA stated that this meets the requirements of 3 AAC 48.280(2).⁵ CINGSA also noted that it will be providing notice of this filing on its website, with a link to the entire filing.⁶ The request to waive public notice for TA48-733 was granted by the Commission on May 13, 2022.⁷

Discussion

As outlined in Section 30, found on Tariff Sheet Nos. 67 and 68 of CINGSA's tariff, the IWFUP relates to in-kind gas CINGSA uses to fuel its operations. As noted on Tariff Sheet No. 77, the IWFUP is only assessed on natural gas injections.⁸

Section 30.1 of CINGSA's tariff specifies "Fuel Use" is the quantity of gas required by CINGSA for injections into and withdrawals from CINGSA's facility and includes compressor fuel use gas and lost and unaccounted for (LAUF) gas. CINGSA stated that

³ Staff kept the Excel Model as Staff work papers, under 3 AAC 48.040(b)(10).

3 AAC 48.040 Confidential Records:

(b) The following records are confidential and are not open to inspection by the public unless they are released under 3 AAC 48.049 or court order or their release is authorized by the person with confidentiality interests:

(10) records of a regulated public utility, pipeline carrier, or pipeline submitted to or copied by the commission's advisory staff during any audit, review, or investigation in connection with any formal or informal proceeding;

⁴ TA Letter, page 1.

⁵ 3 AAC 48.280 states that the Commission may prescribe, on a case-by-case basis, one or more appropriate additional means by which a tariff filing must be notice to the public, including (1) publication in one or more newspapers or by means of other news media at the expense of the filing utility or pipeline carrier; (2) individual notice to all customers or shippers that may be affected by the tariff filing, either by hand, by United States mail, or by a similar delivery service, under the conditions prescribed by the Commission, or by the Commission itself; or (3) publication on the commission's website.

⁶ TA Letter, page 4. Staff verified that TA48-733 is posted on CINGSA's website: <https://cingsa.com>.

⁷ Public Notice Waiver for Cook Inlet Natural Gas Storage, LLC, dated May 13, 2022.

⁸ Staff notes the IWFUP being assessed on injections only has been in effect since the approval of Tariff Sheet No. 77 filed in TA4-733 and approved with L1200208, dated April 10, 2012.

it did not experience any extraordinary gas losses or losses due to negligence in its tenth year of operations.⁹ CINGSA records three categories of operational fuel use: station loss,¹⁰ field loss,¹¹ and compressor usage.¹² CINGSA's Fuel Use Annual Report shows the actual fuel usage associated with each of the three categories.

Section 30.2 of CINGSA's tariff specifies that "Seller's Injection/Withdrawal Fuel Use" means the quantity of gas required by CINGSA for fuel use and shall be equal to the Injection/Withdrawal fuel use percentage multiplied by the quantities tendered to CINGSA by customers injection at the Point(s) of Injection/Withdrawal. Staff notes the Injection/withdrawal fuel use percentage is listed on Tariff Sheet No. 77.

Sections 30.3-30.5 of CINGSA's tariff describe the mechanics of the calculation of the IWFUP. The IWFUP is redetermined annually on or before May 15th and is effective July 1.¹³ The IWFUP is calculated using the actual fuel used at CINGSA's facility to determine any over/under collection. In its simplest terms the IWFUP is derived by comparing the actual amount of gas *retained* for intended fuel use during the prior contract year, to the actual amount of fuel *used*. Any difference between what is actually used and that collected from CINGSA's customers is then applied to adjust (upwards or downwards) the IWFUP for the next contract year as a true-up mechanism. The percentage is determined by dividing the cumulative over/under collection by projected injections during the next contract year. An under recovery will result in a positive adjustment and an over recovery will result in a negative adjustment.

Section 30.6(b) of CINGSA's tariff requires CINGSA to provide information about its fuel use in an annual report to be submitted to the Commission, along with calculations for the IWFUP. CINGSA provided this information in Attachment A to the tariff filing.

⁹ TA Letter, page 3.

¹⁰ Station Loss is the loss due to any "blow-downs" or venting of equipment needed for normal operations or maintenance of the station facility. TA Letter, page 2.

¹¹ Field Loss is the loss due to any "blow-downs" or venting of equipment needed for normal operations or maintenance at the well pad site. TA Letter, page 2.

¹² Compressor Usage records the fuel necessary to operate the compressor(s) to provide the required injection/withdrawal pressure. TA Letter, page 2.

¹³ TA Letter, page 2.

For its most recent contract year (year 10), of operations CINGSA's actual fuel used during the contract year was 88,255.6 mcf, or 1.445% of total, actual injections. The difference between the estimated and actual fuel use results in an over recovery of 725.1 mcf for the most recent year of operations. However, CINGSA's calculations also incorporate the cumulative over or under recovery since its operations began. See the following table:¹⁴

Year	CINGSA's Under (Over) Recovery
Year 1	(60,610.2)
Year 2	44,572.2
Year 3	7,755.0
Year 4	31,526.4
Year 5	(22,916.5)
Year 6	(8,999.8)
Year 7	15,161.3
Year 8	7,408.0
Year 9	(22,553.1)
Year 10	(725.1)
Cumulative Total	(9,381.9)

Pursuant to Section 30.4(b) of CINGSA's tariff, any actual over/under collections of fuel are divided by projected injections for the next year. Taking the percentage of actual fuel used of 1.445%, minus the cumulative over-collection ratio of 0.158%, equals 1.268% for the upcoming year, or 1.3% when rounded to the nearest tenth. The calculations are numerically summarized as follows:¹⁵

¹⁴ TA Letter, page 3 and Fuel Use Annual Report, attached as Appendix A.

¹⁵ TA Letter, page 4 and Fuel Use Annual Report, attached as Appendix A.

IWFUP Calculation			
Fuel Retained for Intended Fuel Use (MCF)	A	=	88,980.70
Derivation of (Over) Under Collection (MCF)			
Station Losses			4,815.40
Field Losses		+	510.70
Compressor Usage		+	82,929.50
Total Fuel Used	B	=	88,255.60
Under (Over) Collection of Fuel Use Yr 10 (MCF)		B-A	(725.10)
Total Injections April 1, 2021 - March 31, 2022 (MCF)	C	=	6,108,372.0
Actual Fuel Use % of Total Injections	D	B/C	1.445%
Under (Over) Collection as % of Upcoming Injections (MCF)			
Under (Over) - Year 1			(60,610.2)
Under (Over) - Year 2			44,572.2
Under (Over) - Year 3			7,755.0
Under (Over) - Year 4			31,526.4
Under (Over) - Year 5			(22,916.5)
Under (Over) - Year 6			(8,999.8)
Under (Over) - Year 7			15,161.3
Under (Over) - Year 8			7,408.0
Under (Over) - Year 9			(22,553.1)
Under (Over) - Year 10			(725.1)
Cumulative Under (Over)	E	=	(9,381.8)
Projected Injections for current year (2022 to 2023) (MCF)	F	=	5,925,434
Prior Years Under (Over) Adjustment Percentage	G	E/F	-0.158%
IWFUP for July 1, 2021 to June 30, 2022		D+G	1.3%

Tariff Sheet

CINGSA filed Tariff Sheet No.77, on May 12, 2022. Staff verified the effective period and rate are what CINGSA proposes.

Conclusion

Based on the above analysis, Staff recommends the Commission approve Tariff Sheet No. 77, filed by Cook Inlet Natural Gas Storage Alaska LLC, on May 12, 2022, with an effective date of July 1, 2022.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Jun 16, 2022 07:57 AKDT)

Email: keith.kurber@alaska.gov

Signature: 
Daniel Sullivan (Jun 16, 2022 13:46 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Jun 16, 2022 14:01 AKDT)

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RCA No. 733 12th Revision
Cancelling
11th Revision

Sheet No. 77
Sheet No. 77

RECEIVED
MAY 27 2021
STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Cook Inlet Natural Gas Storage, Alaska, LLC

35.3 FUEL USE CHARGE

As provided for in Section 30.5.

a. Injection/Withdrawal Fuel Use Percentage:

The Injection/Withdrawal Fuel Use Percentage is the effective percentage assessed on all injections as set forth below:

<u>Effective Period</u>	<u>Rate</u>	
April 1, 2012 to May 1, 2013	1.5%	
May 1, 2013 to April 30, 2014	0.5%	
May 1, 2014 to June 30, 2015	1.1%	
July 1, 2015 to June 30, 2016	1.1%	
July 1, 2016 to June 30, 2017	2.0%	
July 1, 2017 to June 30, 2018	1.1%	
July 1, 2018 to June 30, 2019	1.1%	
July 1, 2019 to June 30, 2020	1.5%	
July 1, 2020 to June 30, 2021	1.8%	
July 1, 2021 to June 30, 2022	1.3%	C

Tariff Advice No. 43-733

Effective: July 1, 2021

Issued By: Cook Inlet Natural Gas Storage, Alaska, LLC

RCA No. 733 13th Revision
Cancelling
12th Revision

Sheet No. 77
Sheet No. 77



Cook Inlet Natural Gas Storage, Alaska, LLC

35.3 FUEL USE CHARGE

As provided for in Section 30.5.

a. Injection/Withdrawal Fuel Use Percentage:

The Injection/Withdrawal Fuel Use Percentage is the effective percentage assessed on all injections as set forth below:

<u>Effective Period</u>	<u>Rate</u>	
April 1, 2012 to May 1, 2013	1.5%	
May 1, 2013 to April 30, 2014	0.5%	
May 1, 2014 to June 30, 2015	1.1%	
July 1, 2015 to June 30, 2016	1.1%	
July 1, 2016 to June 30, 2017	2.0%	
July 1, 2017 to June 30, 2018	1.1%	
July 1, 2018 to June 30, 2019	1.1%	
July 1, 2019 to June 30, 2020	1.5%	
July 1, 2020 to June 30, 2021	1.8%	
July 1, 2021 to June 30, 2022	1.3%	
July 1, 2022 to June 30, 2023	1.3%	C

Tariff Advice No. 48-733

Effective: _____

Issued By: Cook Inlet Natural Gas Storage, Alaska, LLC